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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

CHURCH OF SCIENTOLOGY OF
CALIFORNIA,

Plaintiff,

v.

GERALD ARMSTRONG, DOES 1
through 10, inclusive.

Defendants.

No.

C120153

COMPLAINT FOR CONVERSION
[CCP 3336], BREACH OF
FIDUCIARY DUTY, IMPRESSION
OF A CONSTRUCTIVE TRUST
AND DECLARATORY AND
INJUNCTIVE RELIEF [CCP 1060]

Plaintiff, CHURCH OF SCIENTOLOGY OF CALIFORNIA, as a Com-
plaint for Conversion, Breach of Fiduciary Duty, Impression of a
Constructive Trust and Declaratory and Injunctive Relief, al-
leges as follows:

I.

GENERAL ALLEGATIONS

1. Plaintiff is informed and believes and thereupon al-
leges that Defendant GERALD ARMSTRONG (hereafter, "Defendant
Armstrong" or "Armstrong") is currently a resident of Orange
County, California, and at various times herein mentioned has
been a resident of Los Angeles and Riverside Counties.

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2. Plaintiff is presently unaware of the true names and capacities of Defendants sued herein as DOES 1 through 10, inclusive, and therefore sues these Defendants by such fictitious names. Plaintiff will seek leave to amend this complaint to allege the true names and capacities of said "DOE" Defendants when the same are ascertained. Plaintiff is informed and believes and thereupon alleges that each of these fictitiously named Defendants is responsible in some manner for the occurrences herein alleged, and that Plaintiff's damages as herein alleged were proximately caused by their conduct.

3. Defendant Armstrong was a member of Scientology from February 1971 until, at least, December 1981, during which time period he was also a member of the Sea Organization, a fraternal organization of highly dedicated Scientologists who are routinely assigned to high level positions of responsibility within various Scientology organizations. Members of the Sea Organization often take special vows of confidentiality, as did Defendant Armstrong in 1979.

4. At all times pertinent to this action, Defendant Armstrong was a staff member of the Church of Scientology of California, Plaintiff herein. Defendant Armstrong was not paid a wage for the performance of his duties as a staff member, but rather he was allocated a weekly allowance, free board and lodging, transportation, uniforms, free Scientology Services and free tuition. Defendant Armstrong accepted this recompense and the opportunity to serve CSC voluntarily and without reservation.

5. Plaintiff, CHURCH OF SCIENTOLOGY OF CALIFORNIA (hereafter, "Plaintiff" or "CSC"), is a not for profit corporation

1 organized and existing by virtue of the laws of the State of
2 California. It is a religious organization and is one of the
3 worldwide Churches of Scientology. Its principal place of busi-
4 ness is 4833 Fountain Ave., Los Angeles, California, located
5 within the Central District of this Court.

6 6. Commencing in January 1980 and continuing thereafter
7 through December, 1981, Defendant Armstrong was responsible for a
8 project which involved collecting, cataloguing, preserving, and
9 otherwise maintaining information, artifacts and memorabilia
10 concerning the religion of Scientology, its various organiza-
11 tions. Plaintiff CSC, and the founder of the religion
12 of Scientology, L. Ron Hubbard. As a part of his responsibili-
13 ties, Defendant Armstrong was to locate any documents, informa-
14 tion or artifacts pertaining to the early history of Dianetics
15 and Scientology and concerning Mr. Hubbard. Defendant Armstrong
16 was authorized by CSC, at CSC expense, to travel to and inter-
17 view individuals with any knowledge about said history of Diane-
18 tics and Scientology or about Mr. Hubbard, his life, writings,
19 expeditions, or any other matter pertaining to him. Defendant
20 Armstrong was also authorized by CSC to negotiate for the pur-
21 chase of any materials or artifacts that such individuals might
22 possess. This entire area of activity by Defendant Armstrong
23 was known as the "Archives Project" and is so referred to here-
24 in. The Archives Project, at all times pertinent to this
25 action, was located at 4833 Fountain Ave., Plaintiff's principal
26 place of business. All materials contained in the Archives
27 Project, the personal property of Plaintiff CSC.

28 7. One of the primary purposes of the Archives Project was

1 that of gathering and organizing material for an authorized
2 biography of the life of L. Ron Hubbard. In this respect,
3 Defendant Armstrong requested and Plaintiff CSC agreed that
4 Armstrong would be responsible for personally coordinating with
5 the author who had been retained to write the biography, pro-
6 viding the author with any information that he might require,
7 and arranging for any interviews or research that would be of
8 assistance to said author.

9 II.

10 FIRST CAUSE OF ACTION
11 (Conversion Pursuant to Civil Code
Section 3336)

12 8. Plaintiff repeats and repleads each and every allega-
13 tion contained in paragraphs 1 through 7, above, and incorpor-
14 ates the same herein as though fully set forth hereat.

15 9. At all times herein pertinent to this action, and in
16 particular on or about January 1, 1980 and thereafter, Plaintiff
17 was, and still is, the owner, and was, and still is, entitled to
18 possession of certain personal property, specifically: all docu-
19 ments, manuscripts, memorandum, drafts, memorabilia, artifacts,
20 photographs, video and audio tape recordings and audio record-
21 ings of every kind that constitute the materials to be preserved
22 and maintained by the Archives Project.

23 10. On or about January 1, 1982, and at Los Angeles, Cali-
24 fornia, the above mentioned property had a value to be proved at
25 time of trial.

26 11. Plaintiff is informed and believes and thereupon al-
27 leges that during the performance of his duties as the custodian
28 for the Archives Project, and without authorization from the

1 Plaintiff, Defendant Armstrong did wrongfully take and convert
2 to his own use certain of the original materials contained in
3 the Archives Project. Plaintiff is further informed and be-
4 lieves and thereupon alleges that Defendant Armstrong did take
5 and convert to his own use xerographic and photographic paper
6 and chemicals, and equipment and supplies belonging to Plaintiff
7 CSC which Defendant Armstrong used to make copies, for his own
8 use and purposes, of materials contained within the Archives
9 Project.

10 12. On or about May 26, 27 and June 21, 1982, after dis-
11 covery of the wrongful taking and conversion by Defendant Arm-
12 strong, as aforesaid, Plaintiff made written demand of Defendant
13 Armstrong for the immediate return of its above-mentioned pro-
14 perty but Defendant failed and refused, and continues to fail
15 and refuse, to return the property to Plaintiff. True and cor-
16 rect copies of Plaintiff's written demands for return of the
17 property are attached hereto and collectively designated as
18 Exhibit A and made a part hereof.

19 13. Between the time of Defendant Armstrong's conversion
20 of the above-mentioned property to his own use and the filing of
21 this action, Plaintiff has employed its staff in attempting to
22 determine the extent that materials have been converted from the
23 Archives Project and has further employed attorneys and investi-
24 gators to attempt to regain possession of its property, all to
25 Plaintiff's further damage in an amount to be proved at time of
26 trial.

27 The aforementioned acts of Defendant Armstrong were
28 intentional, deliberate, willful, wanton, malicious, oppressive,

1 and were committed with the intent to defraud Plaintiff, and in
2 reckless disregard of the rights of Plaintiff. Plaintiff is
3 therefore entitled to recover exemplary and punitive damages in
4 the amount of \$50,000.00.

5 III.

6 SECOND CAUSE OF ACTION
7 (Breach of Fiduciary Relationship)

8 15. Plaintiff repeats and repleads each and every allega-
9 tion contained in paragraphs 1 through 7, above, and incorpor-
10 ates them herein as though fully set forth hereat.

11 16. By reason of his solicitation and acceptance of the
12 assignment as the custodian of the materials to be collected and
13 maintained in the Archives Project, Defendant Armstrong became a
14 fiduciary to Plaintiff and assumed duties required by law of
15 confidentiality, loyalty, and trust regarding the materials
16 under his custody and control. As a fiduciary to Plaintiff,
17 Defendant Armstrong also assumed a legal duty to safeguard the
18 property of Plaintiff and to engage in no act detrimental to
19 Plaintiff concerning either the use or value of the materials
20 within his custody and control.

21 17. As a fiduciary to Plaintiff, Defendant Armstrong also
22 assumed a duty that he would not personally profit from his
23 position of trust. As a part of his responsibilities as the
24 custodian of the Archives Project, Defendant Armstrong was to
25 coordinate and liaise with the author who was under contract to
26 write an authorized biography of L. Ron Hubbard. Plaintiff is
27 informed and believes and thereupon alleges that Defendant Arm-
28 strong accepted a position as a director on the Board of Direc-

1 tors of ...-Pilot Publishing Co., which Plaintiff is inform-
2 ed and believes is owned by the author who is under contract to
3 write the subject biography. Defendant Armstrong thereby incur-
4 red a conflict of interest with Plaintiff which constitutes a
5 material breach of Defendant's duty to Plaintiff of trust and
6 loyalty.

7 18. On numerous occasions, and as recently as on or about
8 March 18, 1977, Defendant Armstrong has executed non-disclosure
9 and confidentiality bonds. A true and correct copy of one of
10 such bonds is attached hereto and identified as Exhibit B. By
11 virtue of his membership in the Sea Organization, Defendant
12 Armstrong assumed a fiduciary relationship with Plaintiff, which
13 includes a duty to maintain confidentiality concerning his work
14 within the Church of Scientology of California. Plaintiff is
15 informed and believes and thereupon alleges that Defendant Arm-
16 strong has intentionally and without legal excuse breached his
17 duty of confidentiality by disclosing confidential information
18 to unauthorized persons.

19 19. Plaintiff is informed and believes and thereupon al-
20 leges that Defendant Armstrong has on numerous occasions breach-
21 ed his duty of confidentiality by disclosing to unauthorized
22 persons information that he obtained in the course and scope of
23 his responsibility as the custodian of the Archive Project.
24 Plaintiff is without knowledge of the extent of material and
25 information that has been disclosed by Defendant Armstrong but
26 alleges that the piecemeal dissemination of information by him
27 has been injurious to its reputation and has caused and is
28 causing a diminution in the value of the materials in the Ar-

1 chives Project in an amount to be proved at time of trial.
2 Plaintiff is further informed and believes and thereupon alleges
3 that by reason of Defendant Armstrong's disclosure of such
4 information, the above referenced authorized biography will not
5 be written or published pursuant to the terms of the contract
6 entered into with the above referenced author. Plaintiff has
7 therefore been additionally damaged in an amount to be proved at
8 time of trial.

9 20. On or about May 26, 27 and June 21, 1982, Plaintiff
10 demanded that Defendant Armstrong cease his unauthorized disclo-
11 sure of confidential information but Defendant has failed and
12 refused, and continues to fail and refuse, to discontinue his
13 unauthorized disclosures.

14 21. Between the time of Defendant's unauthorized disclo-
15 sure of confidential information and the time of filing of this
16 action, Plaintiff has been required to employ its staff in
17 attempting to recompile the material necessary to write and
18 publish an authorized biography of L. Ron Hubbard and has been
19 required to employ the services of attorneys in an attempt to
20 terminate the unauthorized disclosures by Defendant Armstrong,
21 all to Plaintiff's further damage in an amount to be proved at
22 time of trial.

23 22. The aforementioned acts of Defendant Armstrong were
24 intentional, deliberate, willful, wanton, malicious, oppressive,
25 and were committed with the intent to defraud Plaintiff, and in
26 reckless disregard of the rights of Plaintiff. Plaintiff is
27 therefore entitled to recover exemplary and punitive damages in
28 the amount of \$50,000.00.

THIRD CAUSE OF ACTION
(To Impress a Constructive Trust)

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4 23. Plaintiff repeats and repleads each and every allega-
5 tion contained in paragraphs 1 through 7 and 15 through 22,
6 above, and incorporates them by reference as though fully set
7 forth hereat.

8 24. Plaintiff is informed and believes and thereupon al-
9 leges that Defendants, and each of them, acting in concert,
10 intend to use the converted property for their own benefit and
11 profit. Because of the conversion of Plaintiff's property and
12 the breach of fiduciary duty by Defendant Armstrong as herein
13 alleged and because Defendants, and each of them, by this con-
14 duct have been and will be unjustly enriched at Plaintiff's
15 expense, a constructive trust should be impressed upon the
16 property of Plaintiff which is now being held by Defendants, and
17 Defendant Armstrong should be named as trustee on behalf of
18 Plaintiff. By the terms of said constructive trust, Defendants,
19 and each of them, should be required to keep safe and maintain
20 the said property of Plaintiff and any profits that Defendants,
21 and each of them, acquire therefrom, for the benefit of Plain-
22 tiff, and to refrain from any and all disclosures of confiden-
23 tial information that has been obtained by Defendants, and each
24 of them, concerning Plaintiff or its property.

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REQUEST FOR DECLARATORY AND INJUNCTIVE RELIEF
(Pursuant to CCP Section 1060)

25. Plaintiff repeats and repleads each and every allegation contained in paragraphs 1 through 7 and 15 through 22, above, and incorporates them herein as though fully set forth hereat.

26. An actual controversy has arisen and now exists between Plaintiff and Defendant Armstrong concerning their respective rights and duties in that Plaintiff contends that Defendant Armstrong owed to it the duties of a fiduciary and further contends that these duties have been breached as above set forth.

27. Plaintiff desires a judicial determination of its rights and duties, and a written declaration as to the rights, duties and obligations of Defendant Armstrong in regard to the dissemination of information that was formerly within his custody and control, and as to whether a constructive trust shall be impressed upon any property of Plaintiff now being held by said Defendant or those acting in concert with him.

28. A judicial declaration is necessary and appropriate at this time under the circumstances in order that Plaintiff may ascertain its rights and duties in regard to the subject materials and their dissemination.

27. Unless preliminarily and permanently enjoined by this Court, Defendant will continue his unauthorized dissemination of confidential information and there exists no adequate remedy at law. The information is unique in character and damages, as a

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matter of law, cannot adequately compensate Plaintiff for the unauthorized dissemination of said information.

VII.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff CHURCH OF SCIENTOLOGY OF CALIFORNIA prays judgment as follows:

1. For the first cause of action, general and special damages according to proof at time of trial.
2. For the first cause of action, an order of the Court mandating return of Plaintiff's property.
3. For the second cause of action, general and special damages according to proof at time of trial.
4. For the second cause of action, a temporary restraining order and a preliminary and permanent injunction prohibiting Defendant from disseminating confidential information gained by reason of Defendant's employment and position of trust to any person or entity other than those expressly authorized by Plaintiff.
5. For the first and second causes of action, punitive and exemplary damages in the amount of \$50,000.00 per cause of action.
6. For the impression of a constructive trust upon any property of Plaintiff now being held by Defendants, and each of them.
7. For a declaration that the materials encompassed in the Archives Project are the property of the CHURCH OF SCIENTOLOGY OF CALIFORNIA and that said materials shall be disseminated, copied and made available to members of the public only

1 with the prior express authorization of said CHURCH OF SCIENTO-
2 LOGY OF CALIFORNIA.

3 8. For each cause of action, reasonable attorneys' fees
4 and costs and such other and further relief as the court may
5 deem just and proper.

6 Dated: August 2, 1982

GREY AND KOHLWECK
Attorneys At Law

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8 By: Carl E. Kohlweck
9 CARL E. KOHLWECK
Attorneys for Plaintiff

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